



7TH INTERNATIONAL CONFERENCE

Actual Economy

SOCIAL
CHALLENGES
AND FINANCIAL
ISSUES IN XXI CENTURY



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Implementation of Servuction Service Model: instruments, issues, prospects (the case of Zenith Hotel, Bangkok, Thailand)

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Abstract

Paper applies the Servuction System Model to explain the major factors that influence the customer's satisfaction and service experience in the downgraded hotel environment in order to provide managerial recommendation and to improve the customer satisfaction and their service experience. The method of this study included three stages of data collection, namely; observation, in-depth interviews, questionnaire survey. The results discussed the interaction that influences their total tourist or service experience which consequently result in satisfaction and revisit.

Key-words service quality, servuction System Model, hotel management, hotel guest, hotel employee, downgrade hotel, satisfaction

Introduction

Hotel industry is one of the major industries in Thailand as the country continues its tourism growth rate and attracts more tourists every year. The hotel industry in Thailand is consist of two main providers; namely, Thai family own hotels and international hotel chains.

The success of the hotels depends on how well they perform and meet their customer satisfaction which is measured by its overall performance of the hotels. According to the advance technology of the available booking online websites with reviews and comments from the real customers, and the increased competitive market among hoteliers, the hotels' customers nowadays demand the expected and perceived service satisfaction from those hotels prior to their real service interaction.

Their service interaction with those hotels influences their total tourist or travel experience which consequently result in satisfaction and revisit. This case study applies the Servuction System Model (Hoffman and Bateson, 2010) to explain the major factors that influence the customer's satisfaction and service experience in the downgraded hotel environment in order to provide managerial recommendation and to improve the customer satisfaction and their service experience.

Literature review

The Servuction System Model (Hoffman and Bateson, 2010) explains the factors that influence the service experience. Those factors are visible (inanimate environment, contact personal/service providers, and other customer) and invisible (invisible organisation and system) factors. In this case, the inanimate environment includes the hotel's physical environments, hotel condition and atmosphere, hotel furnishing and equipment and all nonliving features at the hotel. The contact personal/service provider includes hotel employees (both direct and indirect contact with consumers). Other customers include other customers who are part or share of the customer experience. The invisible organisation and systems include the rules, regulations and processes of the organisation.

BACKGROUND OF THE CASE

This hotel was established by the Thai owner, Mr. Chavalit Tangsampan, in the name of Chavalit Mansion in 1966. It was built to cater for American soldiers who visited Bangkok for rest and recreation during the Vietnam War. There were 7 floors with 303 rooms and it was located in Sukhumvit area, one of the CBD areas in Bangkok. In 1974, it was redecorated under the new name "Chavalit Hotel". Its hotel business was continually expanded and was later named as "Zenith Hotel". It included the Main Wing building and Tower Wing building which were separated from Chavalit Hotel property. In 1980, the hotel property was combined into one name as "Zenith Bangkok Hotel". It then extended the parking space and built another new building, Forum Building. At present the Zenith Bangkok Hotel is located on approximately 30 acres in downtown area. It is self-rate as a four-star hotel.

The hotel downgrading from 4-stars to 2-stars since the Asian Economic Crisis in 1996

The hotels in Thailand may apply for the Thailand Hotels Standard (hotel star rating) from the Thai Hotel Association (THA, founded in 1963), which aimed to assist tourist to find suitable accommodation on their demand and preference. The THA classified the hotels by their services, facilities, locations, and prices. It also used the combination of classification standard from the international world travel magazines (e.g., Business Traveller Asia-Pacific), tour and travel agencies, international hospitality magazines, and hotel awards and other recognitions.

Since the disaster of the Asian Economic Crisis in 1996, Thai Government attempted to promote the country's tourism and set up the tourism theme of "Amazing Thailand" in its marketing programs. Consequently, the number of tourists increased by 10% from 1999 to 2000 and the majority of tourists were from the Middle East, Europe and the United States.

The increasing demand from tourists with higher expectations affected the hotel's star status.

The two-stars rating was given to the Ambassador Bangkok Hotel by the International Quality Control experts in the tourism industry. The objective of the new international standard of the hotel classification was to fairly provide the information about Thai hotels to customers. The range of hotel classification starts from 1 star as basic and general accommodation for tourists, 2 star as superior accommodation for tourists, 3 star as moderate accommodation for tourists, 4 star as first class accommodation for tourists, and 5 star as luxury accommodation for tourist. The stars rating are based on the hotel room price, furnishing, facilities, outlets, and location.

Major Causes of Downgrading from 4 stars to 2 stars

The internal factors included the unclear hotel management planning, low job motivation, high employee turn over rate, low salary, family owned hotel management style, confused target groups of customers from businesses travellers to tourists, risky financial flow among hotel properties, low productivity, and cost saving that led to closing down on some facilities.

The external factors included international hotel standard rating, more competitors in the market, changing customer attitudes towards the hotel, economic crisis during 1996, and changes of social and legal environments.

In summary, the management team changed their business strategies as following.

- 1) Focusing on the market penetration strategies. The hotel aimed to increase its market share through its sales and marketing department. Then, the location and room rates were keys for price setting and point of sales of this hotel.
- 2) Changing to attract a new market segment from group tours to corporate business groups as these groups generated more profit for the hotel and the hotel could increase their room rate while attracting the new target groups.
- 3) Minimizing the operation costs while investing in and renovating the hotel facilities and products. The hotel management controlled and reduced the operational waste cost while generated more profit.
- 4) Renovating the hotel parts where necessary. The hotel renovated their buildings and furnishings in both the room and public areas where necessary.
- 5) Increasing job satisfaction and motivation of the hotel staff by Human Resource Department by recruiting the right people for the right jobs with excellent and effective job training.

RESEARCH METHOD

This exploratory research aimed to better explain the major factors that influence the customer's satisfaction and travel experience in the downgraded hotel environment in order to provide managerial recommendation and improve the customer satisfaction.

The research design included three data collection stages.

1) Observation. One of the research team members was the management trainee, who observed the hotel's management and operation during his training period of three months. All important aspects of understanding the causes of hotel downgrading and the challenges of satisfying hotel staff and guests were recorded. The data were put into themes related to the above causes and the challenges, then developed into the design of in-depth interview questions for the next stage.

2) In-depth Interviews. This stage of data collection only selected some groups of employees from different departments and some groups of guests from different countries. The questions of employees included the relationship between employee and the management on communication, leadership, coordination in workplace, rules and regulations, job description, job satisfaction, and hotel's work environment. The guest's questions included their opinions toward the hotel's staff, service facilities, food and beverage, guestroom condition, sport and entertainment activities, and safety issue. The interviews took approximately 45 minutes of 30 interviews in total (15 employee interviews and 15 guest interviews).

3) Questionnaire Survey – staff (employee) and customer. The findings from the second stage (in-depth interview) assisted to design the questionnaire survey among hotel employees and guests. The five-point scale was used, where 1 is poor/very dissatisfied, 2 is below average/dissatisfied, 3 is average/neutral, 4 is above average/satisfied, and 5 is excellent/very satisfied. The total of 100 respondents was randomly selected from fifty employee respondents and fifty guest respondents.

Findings and Discussion

The results of the employees' opinions toward the hotel indicated the negative opinions on hotel rules and procedures, equipment provided to perform work, and hotel management and support, while the positive opinions were on trust to other employees. The hotel rules and procedures were not clear and too complicated to comply. The equipment provided to perform work for employees were in poor condition. The hotel management and support were not in a great level of expectation. However, the hotel employees had a quite strong trust toward other employees they worked with. The negative opinions toward the employees' job included hotel's recognition and promotion system, and teamwork at the hotel; while the positive opinions included hotel work cooperation and empowerment. The recognition and promotion system at the hotel were poorly managed, resulting in poor teamwork. However, they experienced the work cooperation from other departments and the empowerment in the positive way. In addition, on the hotel management, the employees had quite negative opinions on training and employee's appraisal programs.

The guests' opinions on their overall service experience were quite pleasant, except the condition of hotel's rooms and furnishing and hotel security.

The hotel management should take this research results into consideration in improving their employees and hotel guests' satisfaction. They should also seriously consider all comments their guests reviewed their hotel on the websites where now available to everyone to see.

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